

**STATE CONTROLLER'S OFFICE  
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES  
JULY 2005**

Date: August 19, 2005

To: All Civil Service/Exempt Departments

From: State Controller's Office  
Don Ward, Operations Manager  
Personnel/Payroll Operations  
(916) 322-8805

Re: PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES

This recaps the July 14, 2005 Personnel/Payroll Committee (PPRC) Meeting and provides information for the September 8, 2005 meeting.

We would like to thank those department representatives that participated in the May meeting for their time and effort. There were 27 representatives from 22 departments that participated in this meeting.

Personnel/Payroll Review Committee  
July 14, 2005 Meeting Notes

Don Ward called the meeting to order at 1:30.

Departments represented:

Alcohol Beverage Control, Board of Equalization, California Energy Commission, CalPERS, Community Services and Development, Consumer Affairs, Corporations, Developmental Services, EDD, Financial Institutions, Franchise Tax Board, General Services, Justice, Lottery, Lt. Governor's Office, Office of Systems Integration, State Controllers Office, State Teacher's Retirement System, Toxics Substances Control, Transportation, Veterans Affairs, and Water Resources.

Old Business:

None

New Business:

Agenda Items  
Distribute Handout Materials  
Approve Prior Meeting Notes  
Guest Speakers  
SCO Update  
Department Issues/Concerns  
Confirm Next Meeting Agenda, Time and Place

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Discussion:

Approved May 2005 meeting notes.

Guest Speakers: Sandra Young and Sandy Westlake from SCO's Program Management Analysis Bureau discussed the special training sessions related to the implementation of SDI being held in Sacramento, San Francisco, Los Angeles and Fresno for Human Resources Office employees. The program is set to begin in September with deductions withheld from all eligible payments earned in the September 2005 pay period with an issue date of October 2005 or later. There will be no special election to allow employees to change from the annual to traditional leave program. Employees may elect to opt out of annual leave after completing the 24-month requirement. Health benefits are covered under FMLA for up to 12 weeks. EDD is the administrator for the State Disability program for eligible state employees as well as the private sector employees in California. As such, questions on eligibility and benefit computation should be referred to EDD.

There will be Global Messages printed on the earnings statements/direct deposit advice slips for those employees in eligible bargaining units beginning with the July 2005 master, issued August 1, 2005 and daily payrolls issued through October 31, 2005.

A payroll letter will be released in August. The PAM and PPM manuals will be updated to include the SDI information by October 1, 2005. The PPM will also be updated annually, the same as we do now for tax changes, if the SDI contribution rate and/or the earnings limitation change.

Question: We need to know if we can post back-to-back S50 transactions to show employees out for different reasons.

Answer: Yes, the implementation of SDI does not change that capability. Reason Code 35 - employee on SDI leave and eligible for FMLA benefits and Reason Code 36 - employee on SDI leave and **NOT** eligible for FMLA benefits were established for SDI leave. If the employee's FMLA status changes while on SDI leave, process a new S50 transaction with the correct separation reason code. The effective date of the S50 transaction should be the date of the FMLA status change.

Question: What types of garnishments may be withheld from SDI benefit payments?

Answer: Delinquent child support payments will be withheld from SDI payments if requested from the Department of Child Support Services.

Question: If a court ordered support order is served to EDD while my employee is on SDI, how will I know that this employee is obligated to have these funds withheld? I should see all the orders for my employee even if he is on SDI when they commence.

Answer: Support orders are not served to EDD. The Department of Child Support Services sends a file to EDD. They run a cross match and, if found, the child support is withheld from the employee's SDI payments. Because the EDD issues SDI

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payments directly to the employee, the departments will not know if child support is being withheld from SDI payments. Questions about Child Support obligations should be directed to the Department of Child Support Services at 1-866-249-0773.

Question: What if the support order is over collected while the employee is on SDI?

Answer: Again the employee may contact the Department of Child Support Services at 1-866-249-0773.

Guest Speaker: Pat Quinn, Manager 21<sup>st</sup> Century Project provided a status update on the project. An interim agreement has been signed with SAP Public Services Inc., the software product selected for the State's new Human Resource/Payroll system. We are now proceeding with the process to select a Systems Integrator. Our target date estimate for selection of the System Integrator is currently January 2006.

Employee Self Service will be a big piece of the initial roll out. Employees will have the ability to log into the system, view their tax filing status, review their benefit status and make changes to their coverage, i.e. enroll in benefits, add or delete dependants, change plans, etc.

Manager Self Service will allow the manager or supervisor to review their employee's non-confidential information. Within the new system information access will be based on defined "Roles". Access to information will be based on the employee's role, i.e. supervisors will have access to employee non-confidential information, HR has access to department employee information, etc.

In the Benefit Administration area we are working with CalPERS on the Health Benefit process. We hope to be able to submit information directly to CalPERS without departments having to key information into an addition application like ACES.

On Position Management, tracking a position will be improved by the system assigning a system identification number. The positions can then be tracked through its life cycle. We will be scheduling meetings to discuss Position Management with departments as part of our Focus Group Study.

Rollout strategy for the new system is:

Employment/Payroll/Employee Self Service	Summer 2007 - Summer 2008 (estimate)
Position Management	Summer 2008 - Summer 2009 (estimate)
Time Keeping/ Leave Accounting	Summer 2009 - Summer 2010 (estimate)

We have scheduled department stakeholder's meetings on August 3rd and 4<sup>th</sup>. Each session will include a demonstration of the SAP software product. Please note: the software demonstration does not include the final state version that will be configured by the selected System Integrator for use by the State of California.

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SCO Update:

View Direct: We are in the process of adding the Notice of Payroll Accounts Receivable half-slips to the View Direct menu. This will make the information available to agencies much quicker.

DGS Fill and Print forms: We received a few complaints from departments that the Fill and Print forms on the DGS website are not working properly. For example, the STD 639 did not allow the user to fill in the address information for the garnishment payee. We have been working with DGS to resolve these issues. Should you experience any problems with SCO's STD state forms on the DGS web site, please report this to Ann Mitchell at [anmitchell@sco.ca.gov](mailto:anmitchell@sco.ca.gov)

Forms W-2C Corrections: We had difficulty purchasing the necessary blank stock for printing the monthly W-2Cs. This was related to the delayed budget and was resolved in a couple of weeks. Specifically, the corrected W-2s for activity during June 2005 were delayed. These Corrected W-2s will be printed as soon as the new stock is received and mailed to the respective employing department.

IRS Lock-In Letters: SCO is releasing a new Personnel Letter describing the changes IRS has instituted in the lock-in procedures. We have also developed a transmittal sheet that will accompany the IRS lock-in letters mailed to the departments. Please remember that while a lock-in is in force, the EAR may not be changed in any way that will result in less federal tax withholding.

Wage Garnishment for Social Security and Supplemental Security Income (SSI): We received the first two wage assignments related to SSI. We provided telephone instructions to the affected Transaction Supervisors on how to process these. If you receive any correspondence or withholding orders regarding wage garnishments for SSI, please let us know. We anticipate the volume to be fairly low since these are the only wage assignments received since the new process was implemented in April 2005. Also, we now have information about how these wage assignments affect multiple garnishment priority. Specifically, the priority on these wage assignments will be lower than support orders but higher than ordinary money judgments.

PIP keying errors: We have previously mentioned the problems created from entering the incorrect pay period on miscellaneous payments keyed via PIP. Unfortunately, this continues to be a big problem for us. Please be very careful when you are keying miscellaneous payments to use the correct pay period. Every month we have a few agencies that key whole batches of miscellaneous payments in the current month and then realize their error and call us to delete the suspended transactions. This is not a simple process; staff must key a delete transaction for every suspended transaction that has the wrong pay period. Our staffing level is very tight and the time spent deleting erroneous transactions is time that could be spent processing regular adjustments.

Faxing Separation PARS: Faxed documents are sometimes hard to read, so please be sure that all items are clear on the original, especially items 620-625 and the

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remarks specifying deferred compensation instructions. Also, if you are deferring to another tax year, you must complete item 877 on the PAR.

Returned 674s: If we return a 674 because the action was already taken per a different document or per an update to the Employment History system, there is no need to respond.

Employees hired under the new Alternate Retirement Plan: NDI and IDL payments cannot be keyed for these employees via PIP. The appropriate documentation must be sent to SCO for processing.

Deduction Reminders: During Open Enrollment for Dental, we see a lot of errors with incorrectly used party codes. Please make a special effort to verify that the appropriate party codes are being used, especially party codes for domestic partners. Also, remember that reimbursable accounts cannot be for more than \$5000 per year.

Separations with Special Handling: We are planning to conduct several workshops at SCO in October 2005 to address the special handling of year-end separations. Specifically, we will cover how to request lump sum, lump sum zeroing out payments, and deferring lump sum to a future tax year. We will notify you via email during September of the specific dates/times of the workshops scheduled in October 2005.

Payroll Irregularity Notices: Recently we instituted a new PR250 process where we create the PR250 on line and only print the items necessary for the situation at hand. Currently, we have the ability to run reports on this data for our Direct Deposit, CS Payroll and Miscellaneous Deduction Units. If you would like to have this information for your department or unit, request the information from Ann Mitchell at (916) 322-7978, or at [anmitchell@sco.ca.gov](mailto:anmitchell@sco.ca.gov)

Questions/Answers:

Question: When SDI is implemented will there be a corresponding reduction in the NDI workload?

Answer: We believe there will be a realignment of the workload. We will not be paying the SDI (it is paid by EDD) but we will do all the withholding and retroactivity for the withholding.

Question: Can you have someone (William Page) from DPA attend the September meeting?

Answer: We will make a request to DPA.

Question: Where can I find information on stop payment for a Payroll Warrant in the PPM?

Answer: This information is in Section I in the PPM.

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Question: My employee's S95 showed less than 10 days pay due and no benefits were withheld. Is this appropriate?

Answer: Per PPM Section H011, "health, dental, life, and vision insurance deductions will not be applied to separation pay if the reason for the separation is death."

Next Meeting:

The next Meeting is Thursday, September 8, 2005 from 1:30 to 3:30 at:

State Controller's Office  
300 Capitol Mall, 6th Floor, Room 635  
Sacramento, CA 95814

Listed below are the PPRC meeting dates for the 2005 calendar year. All meetings are from 1:30 to 3:30 at the above location.

November 10, 2005

Should you have any questions regarding the PPRC meeting or have additional information to provide, please contact Don Ward at (916) 322-8805 or via e-mail at [dward@sco.ca.gov](mailto:dward@sco.ca.gov)